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MUA Rejects ACCC Submission On Regulation Of Coastal Shipping

The Maritime Union of Australia has urged the Abbott Government to protect Australian jobs, the maritime skills base and the environment when considering changes to laws covering coastal shipping.

The Australian newspaper has today reported on the Australian Competition and Consumer Commission's submission to the Government Options Paper on regulation of coastal shipping.

The MUA has also made a submission to the review, which instead look to protect up to 10,000 existing jobs in shipping and associated industries.

The MUA's submission finds:

- It would be economically irresponsible for any Australian Government to deliberately shut down the Australian coastal shipping industry.
- Australian industry and Australian citizens will be worse off if the Government chooses to pursue Options 1 and 2 in the Options Paper on approaches to regulating coastal shipping in Australia, released on 8 April 2014.
- It is in the national interest to retain and grow the coastal shipping industry. There are persuasive economic, supply chain security, skill retention, environmental and strategic reasons for retaining policies that provide fair competition for Australian coastal shipping to prosper. Option 3 is the only responsible course of action.
- There is no incompatibility in achieving the twin objectives of regulating coastal shipping to provide fair competition and reducing regulatory burden on industry.
- Both objectives are achievable through amendments to the *Coastal Trading (Revitalising Australian Shipping) Act 2012* and the taxation incentives package, and by introducing a role for the Australian Competition and Consumer Commission (ACCC) in monitoring coastal shipping freight rates.
- Coastal shipping is not subsidised and no subsidisation is required to achieve those objectives. What is required is Government action to provide the appropriate access regime to ensure Australian coastal shipping and international shipping can both participate in Australia's sea trade task on a fair competitive basis, in a way that provides an efficient transportation mode to complement both road and rail freight.
- By reducing third party involvement and strengthening commercial relationships, Australia can maintain a light touch coastal regulatory system which facilitates trade, increases modal choice for shippers, creates more competition, creates jobs and retains and builds the maritime skills base.
- Australian coastal shipping is required to help meet the growing domestic freight task, which is expected to double its 2006 level by 2020 and triple by 2050. Australia cannot rely on the uncertainty of a spot shipping market provided by foreign registered international trading ships to meet its complete sea freight needs. Recent independent analysis by Noetic Infrastructure Solutions has identified growth opportunities for Australian coastal shipping which further reinforces the need to maintain a domestic shipping industry.

Abolishing the 2012 reforms of the Coastal Trading Act could directly impact the jobs of around 1,500 seafarers in the blue water sector, and a further 500 in towage and other industries that services the blue water fleet.

So, in total around 2,000 direct jobs and up to 8,000 associated jobs would be on the chopping block.

MUA National Secretary Paddy Crumlin said Australia needs a viable, vibrant shipping industry which employs Australian workers and that we need to give the laws passed in 2012 the time to work, rather than repeal the Coastal Trading Act.

"Australia is the fourth largest user of ships in the world. Our ports ensure vast economic trade inside Australia and with our overseas trading partners," Mr Crumlin said.

"Over the life of the Howard Government, the number of Australian-flagged vessels plummeted from 55 to 21 and that the 2012 changes were desperately needed.

"The 2012 changes to the Coastal Trading Act were the biggest maritime reform since the passing of the Navigation Act 100 years ago.

"They have the potential to create employment, sustain business opportunities and productivity and build the national interest through an industry that is critical to the quality of Australia's economy, environment and way of life. The industry employs thousands of Australians and cannot be allowed to fail."

The changes brought in included a zero company tax rate to ship owners as an incentive to flag their vessels with the Australian flag and an overhaul of the system for issuing permits to foreign ships.

"What Australia has done is show the way in international shipping by showing that it doesn't have to be a race to the bottom," Mr Crumlin said.

"Over the previous decade, we had seen Flag of Convenience (FOC) ships, with their poor standards and exploited crews, take over our ports and displace Australian vessels.

"The 2012 changes have meant that ship owners on the Australian coast have been able to effectively compete in the domestic freight market with foreign ships."

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